



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - Public distribution

**Date:** 5/7/2008

**GAIN Report Number:** TH8071

## Thailand

## Grain and Feed

## OREC

## 2008

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**Report Highlights:**

On May 6, 2008 the Thai Foreign Affairs Ministry dropped a plan to form rice exporting cartel among Burma, Cambodia, Vietnam, and Thailand amid strong international concerns. Rather than forming the cartel, Thailand has proposed reestablishing the Council on Rice Trade Cooperation (CRTC). The objective of the CRTC is to strengthen cooperation among major rice producers and exporters in improving rice production.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Trade Report  
Bangkok [TH1]  
[TH]

On April 30, 2008 the Thai Prime Minister publicly raised the idea of forming a rice exporting cartel among Burma, Cambodia, Vietnam, and Thailand. Dubbed the Organization of Rice Exporting Countries, OREC was an extension of the long-circulating idea to better control rice trade. However, on May 6, 2008 the Thai Foreign Affairs Ministry dropped the OREC proposal amid strong international concerns, particularly from the Philippines and international organization like Asian Development Bank (ADB), that forming the cartel could push global food prices higher.

Rather than forming the cartel, Thailand has proposed reestablishing the Council on Rice Trade Cooperation (CRTC). The objective of the CRTC is to strengthen cooperation among major rice producers and exporters in technology transfer in rice production and increase overall rice productivity. Also, the CRTC will act as a forum for major rice exporting countries to exchange information on international rice trade. The idea of CRTC was initiated in 2002 when Thailand and other leading Asian rice exporting nations (Vietnam, India, China, and Pakistan) agreed to establish cooperation to stabilize world rice export prices ([TH2090](#)). However, over the past five year the CRTC has failed to make progress in developing cooperation among rice producing states. Only Vietnam and Thailand have actively cooperated in information and technology exchanges. Despite the overall lack of progress, the Thai and Vietnamese governments and private officials meet twice a year, instead of quarterly as initially proposed. Private traders report the quality of information exchanged is limited as both the Thai and Vietnamese rice sectors remain highly competitive.

The reestablishment of the CRTC to improve yields and productivity could benefit global rice trade as global food prices increase over time. True and long-term member cooperation will likely remain elusive, as all countries essentially compete with each other across all grades of rice.

End of report.